



Joint Legislative Audit and Review Commission

2000 Fiscal Impact Review

Bill Number: HB701 as Introduced
Review Requested By: Delegate Cranwell
Chairman of: House Finance

Concur

JLARC Staff concur with the fiscal impact statement referred for review

Concur with Reservations

With the reservations noted below, JLARC staff concur with the fiscal impact statement referred for review

X Non-Concur

As noted below, JLARC staff do not concur with the fiscal impact statement referred for review.

Bill Summary

HB 701 authorizes an additional motor fuels sales tax of up to five percent in the Northern Virginia Transportation District or in any transportation district that is subject to § 15.2-4515 C of the Code of Virginia and that is contiguous to the Northern Virginia Transportation District. The increased tax would be imposed following a majority approval by referendum of the voters in the counties and cities comprising at least 80 percent of the district's population. The revenues would be distributed to all localities in the district in proportion to the share each locality receives of the total urban and secondary funds allocated to the district and would be used for transportation and transportation-related services and expenditures. The requirement that local taxes be reduced if additional fuels taxes are imposed in this district would not apply under HB 701.

Fiscal Implications

<u>FUND SOURCE</u>	<u>DOLLARS</u>	<u>POSITIONS</u>
FY 2001		
General Fund	\$0	0.00
Non General Fund	\$0	0.00
FY 2002		
General Fund	\$450,006	0.00
Non General Fund	\$0	0.00
FY 2003		
General Fund	\$38,200	0.00
Non General Fund	\$0	0.00
Cumulative		
General Fund	\$488,206	0.00
Non General Fund	\$0	0.00
TOTAL	\$488,206	0.00

JLARC staff do not concur with the fiscal impact statements produced for HB 701 by the Department of Taxation and the Department of Planning and Budget. The fiscal impacts associated with HB 701 would likely not occur until FY 2002 and FY 2003 due to necessary local approval through referendum prior to implementation of the new tax.

JLARC staff estimate different administrative costs (\$450,006 in FY 2002 and \$38,200 in FY 2003) than

the Department of Taxation based on additional data provided by Taxation subsequent to the release of their fiscal impact statement. Using an alternate projection methodology, JLARC staff also calculate slightly different revenues (\$48.221 million in FY 2002 and \$48.903 million in FY 2003) than Taxation. The additional revenue would be collected by the State and transferred back to the localities, so the net impact of the additional revenue on the State would be zero.

Given the small amount of variation in the administrative cost and revenue estimates, the JLARC staff nonconcurrency is based only on the expectation that the localities would not conduct the referenda votes in time for FY 2001 implementation.

Detail on variances in administrative costs and revenues are available upon request from JLARC staff.

Budget Amendment Necessary

Item 281 (Department of Taxation) - Additional \$450,006 in FY 2002 for administrative costs.

Agencies Affected

Taxation - Department of; Treasury - Department of the; Localities in the Northern Virginia Transportation District and the Potomac and Rappahannock Transportation District

Date Released, Prepared By: 02/07/2000; Kimberly Maluski

JLARC Staff offer the above Fiscal Impact Review in Accordance with Item 16K of Chapter 935 (1999 Acts of Assembly). JLARC Fiscal Impact Reviews do not comment on the merits of the bill under review.